GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3629
ANSWERED ON:25.08.2006
BANKS IN FLOOD AFFECTED AREAS
Patle Shri Shishupal Natthu;Shiwankar Shri Maha Deo Rao

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has restricted the recovery of loans by the banks for one year in the flood affected States as reported in DainikJagran, dated the August 13,2006 ;

(b) if so, facts of the matter reported therein ;

(c) whether the business of the banks is being hampered in such areas ;

(d) if so, whether the alternative arrangements have been made for it ;

(e) the number of banks closed down their operations in flood affected areas so far, State wise; and

(f) the losses suffered by banks as a result thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a), (b), (c) & (d): In the wake of heavy floods affecting the states of Maharashtra, Andhra Pradesh and Gujarat, Reserve Bank of India (RBI) has recently vide its circular No. RPCD.CO.PLFS.No.BC 16/05.04.02/2006-07 dated August 9, 2006 issued guidelines on relief measures to be extended by banks in areas affected by natural calamities.The measures contained in the circular aimed at ensuring that banks customers are able to access their accounts and avail banking services with minimal difficulties. Banks have been advised to put in place necessary arrangements and contingency plans, particularly with respect to business continuity, ATM access, currency management, clearing facilities opening of new account in a hassle free manner, issuance of fresh loans, restructuring of existing loans, moratorium of at least one year in all cases of restricting etc.

(e)&(f): As per reports of convener banks of State Level Bankers` Committee of Andhra Pradesh, Maharashtra and Gujarat, the business of some branches of the banks was affected. However, it is early to assess the losses suffered by the banks. State-wise details of branches affected are as under :

State	No.of branches affected
1. Andhra Pradesh	8
2. Maharashtra	7
3. Gujarat	127